

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries
And
Legally-Separate Controlled Entities

Consolidated Financial Statements,
Supplementary Information
And
Independent Auditors' Report
December 31, 2019 and 2018

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries
And
Legally-Separate Controlled Entities

December 31, 2019 and 2018

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DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Massachusetts Housing Investment Corporation

We have audited the accompanying consolidated financial statements of Massachusetts Housing Investment Corporation (a nonprofit corporation), its wholly owned subsidiaries and its legally-separate controlled entities (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of several legally-separate controlled entities (the Entities), in which these statements reflect total assets of \$151,654,218 and \$123,867,933, as of December 31, 2019 and 2018, respectively, and total losses of \$10,144,409 and \$11,179,865, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Entities, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Adoption of Accounting Pronouncements

As discussed in Note 1 to the financial statements, the Organization has adopted Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230) – *Restricted Cash*, ASU 2014-09 – Revenue from Contracts with Customers (Topic 606), and ASU 2018-08 Not-For-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 34 through 44 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the reports of other auditors the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Daniel Dennis & Company LLP". The signature is written in a cursive, flowing style.

October 8, 2020

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Consolidated Statements of Financial Position
December 31, 2019 and 2018

Assets

	<i>2019</i>	<i>2018</i>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 38,682,704	\$ 41,404,499
Fees receivable - LIHTC Partnerships	806,619	828,043
Fees receivable - NMTC CDEs	648,532	551,111
Current portion of program related loans	19,234,350	21,513,956
Program loan interest receivable	1,143,212	576,183
Accounts receivable	<u>568,718</u>	<u>307,029</u>
Total current assets	<u>61,084,135</u>	<u>65,180,821</u>
<i>Other Assets</i>		
Investment in marketable securities	148,562	216,063
Investment in capital stock	361,500	213,100
Program related loans	42,702,470	16,988,120
Restricted cash	2,737,149	589,878
Equity interest in operating partnerships	265,940,425	269,648,584
Other assets	384,484	369,863
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$329,098 and \$229,547	177,880	274,134
Capitalized costs, net of accumulated amortization	<u>26,589</u>	<u>29,316</u>
Total other assets	<u>312,479,059</u>	<u>288,329,058</u>
Total assets	<u>\$ 373,563,194</u>	<u>\$ 353,509,879</u>

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Consolidated Statements of Financial Position - *continued*
December 31, 2019 and 2018

Liabilities and Net Assets

	<i>2019</i>	<i>2018</i>
<i>Current Liabilities</i>		
Current portion of notes payable	\$ 9,874,605	\$ 5,067,175
Due to affiliates	-	240
Deferred grant revenue	2,737,149	589,878
Accrued expenses and other liabilities	<u>2,288,939</u>	<u>2,571,502</u>
Total current liabilities	<u>14,900,693</u>	<u>8,228,795</u>
<i>Long-Term Liabilities</i>		
Unearned fees	1,012,835	1,025,329
Notes payable	<u>17,515,749</u>	<u>8,606,542</u>
Total long-term liabilities	<u>18,528,584</u>	<u>9,631,871</u>
Total liabilities	<u>33,429,277</u>	<u>17,860,666</u>
<i>Net assets</i>		
Non-controlling interest	318,439,238	314,072,388
Without donor restrictions:		
Undesignated	19,394,679	19,866,703
Designated	500,000	500,000
With donor restrictions	<u>1,800,000</u>	<u>1,210,122</u>
Total net assets	<u>340,133,917</u>	<u>335,649,213</u>
Total liabilities and net assets	<u><u>\$ 373,563,194</u></u>	<u><u>\$ 353,509,879</u></u>

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Consolidated Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Operating Revenue and Support</i>						
Interest on deposits	\$ 433,770	\$ -	\$ 433,770	\$ 458,777	\$ -	\$ 458,777
Interest on project loans	2,595,337	-	2,595,337	1,981,535	-	1,981,535
Unrealized gain/(loss) on investments	1,653	-	1,653	(4,238)	-	(4,238)
Loan program revenue	407,139	-	407,139	70,841	-	70,841
NMTC program revenue	3,083,928	-	3,083,928	3,943,784	-	3,943,784
LIHTC program revenue	1,045,509	-	1,045,509	1,886,856	-	1,886,856
Other program revenue	434,446	-	434,446	226,854	-	226,854
Grant revenue	20,000	-	20,000	-	-	-
Net assets released from restrictions	-	-	-	50,000	(50,000)	-
Total operating revenue and support	8,021,782	-	8,021,782	8,614,409	(50,000)	8,564,409
<i>Operating Expenses</i>						
Salaries and employee benefits	6,523,812	-	6,523,812	6,760,062	-	6,760,062
Occupancy, equipment and furniture	556,861	-	556,861	524,836	-	524,836
Professional services	1,317,371	-	1,317,371	1,340,488	-	1,340,488
Depreciation and amortization	115,596	-	115,596	112,300	-	112,300
Grant expense	7,700	-	7,700	590	-	590
Interest expense	273,173	-	273,173	422,662	-	422,662
Other office expenses and support	1,249,471	-	1,249,471	1,021,305	-	1,021,305
Total operating expenses	10,043,984	-	10,043,984	10,182,243	-	10,182,243
Change in net assets from operations	(2,022,202)	-	(2,022,202)	(1,567,834)	(50,000)	(1,617,834)
<i>Non - Operating Revenue/(Expenses)</i>						
Federal grant revenue	455,351	589,878	1,045,229	-	973,896	973,896
Federal grant expenses	(557,285)	-	(557,285)	(31,016)	-	(31,016)
Loss on redemption/write off of portfolio investments	-	-	-	(514,424)	-	(514,424)
Loss from investment in operating partnerships	(40,882,310)	-	(40,882,310)	(24,735,941)	-	(24,735,941)
Total change in net assets	(43,006,446)	589,878	(42,416,568)	(26,849,215)	923,896	(25,925,319)
Less amounts attributed to non-controlling interest	(42,534,422)	-	(42,534,422)	(27,289,923)	-	(27,289,923)
Change in net assets, controlling interest	\$ (472,024)	\$ 589,878	\$ 117,854	\$ 440,708	\$ 923,896	\$ 1,364,604

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Non-Controlling Interest</i>	<i>Total</i>
Net assets at January 1, 2018	\$ 19,925,995	\$ 286,226	\$ 295,850,052	\$ 316,062,273
Contributions	-	-	51,218,734	51,218,734
Distributions	-	-	(5,706,475)	(5,706,475)
Change in net assets	<u>440,708</u>	<u>923,896</u>	<u>(27,289,923)</u>	<u>(25,925,319)</u>
Net assets at December 31, 2018	20,366,703	1,210,122	314,072,388	335,649,213
Contributions	-	-	48,414,732	48,414,732
Distributions	-	-	(1,513,460)	(1,513,460)
Change in net assets	<u>(472,024)</u>	<u>589,878</u>	<u>(42,534,422)</u>	<u>(42,416,568)</u>
Net assets at December 31, 2019	<u>\$ 19,894,679</u>	<u>\$ 1,800,000</u>	<u>\$ 318,439,238</u>	<u>\$ 340,133,917</u>

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2019 and 2018

<i>Program Services</i>					
<i>2019</i>	<i>Loan and Other Programs</i>	<i>NMTC</i>	<i>LIHTC</i>	<i>Management and General</i>	<i>2019 Total</i>
Salaries and employee benefits	\$ 1,962,573	\$ 1,685,290	\$ 2,034,167	\$ 841,782	\$ 6,523,812
Occupancy, equipment and furniture	167,522	143,853	173,633	71,853	556,861
Professional services	521,883	340,655	385,428	69,405	1,317,371
Depreciation and amortization	29,948	25,717	47,086	12,845	115,596
Grant expenses	7,700	-	-	-	7,700
Interest expense	273,173	-	-	-	273,173
Other office expenses and support	295,758	230,683	612,215	110,815	1,249,471
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 3,258,557</u>	<u>\$ 2,426,198</u>	<u>\$ 3,252,529</u>	<u>\$ 1,106,700</u>	<u>\$ 10,043,984</u>
<i>Program Services</i>					
<i>2018</i>	<i>Loan and Other Programs</i>	<i>NMTC</i>	<i>LIHTC</i>	<i>Management and General</i>	<i>2018 Total</i>
Salaries and employee benefits	\$ 1,355,959	\$ 2,135,504	\$ 2,396,333	\$ 872,266	\$ 6,760,062
Occupancy, equipment and furniture	105,274	165,796	186,046	67,720	524,836
Professional services	358,602	420,422	471,758	89,706	1,340,488
Depreciation and amortization	21,585	40,328	36,941	13,446	112,300
Grant expenses	590	-	-	-	590
Interest expense	416,438	6,224	-	-	422,662
Other office expenses and support	84,053	280,414	550,558	106,280	1,021,305
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 2,342,501</u>	<u>\$ 3,048,688</u>	<u>\$ 3,641,636</u>	<u>\$ 1,149,418</u>	<u>\$ 10,182,243</u>

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
<i>Operating activities:</i>		
Change in net assets	\$ (42,416,568)	\$ (25,925,319)
<i>Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:</i>		
Depreciation and amortization expense	115,596	112,300
Loss on redemption/write-off of portfolio investments	-	514,424
Unrealized (gain)/loss on investments	(1,653)	4,238
Loss from investments in subsidiaries	40,882,310	24,735,941
Bad debt expense	742,042	-
<i>Change in operating assets and liabilities:</i>		
Amounts receivable and other assets	(264,087)	396,077
Interest receivable	(567,029)	(340,628)
Unearned fees	(12,494)	(12,628)
Accrued expenses and other liabilities	(282,563)	142,257
Deferred grant revenue	2,147,271	(973,896)
Fees receivable—LIHTC Partnerships	21,424	193,531
Fees receivable—NMTC CDEs	(97,421)	(412,989)
Net cash provided by/(used in) operating activities	<u>266,828</u>	<u>(1,566,692)</u>
<i>Investing activities:</i>		
Funds advanced under project loans	(47,473,870)	(29,888,104)
Collection of funds from project loans	20,604,997	12,132,146
Redemption of marketable securities	67,501	88,576
Sales/(purchases) of other investments, net	(148,400)	(96,100)
Investments in project partnerships	(36,013,063)	(52,292,019)
Distributions and project loan repayments from project partnerships	1,505,697	57,479
Purchase of fixed assets and capitalized costs	(3,296)	(29,972)
Net cash used in investing activities	<u>(61,460,434)</u>	<u>(70,027,994)</u>
<i>Financing activities:</i>		
Repayment of notes payable	(5,145,380)	(40,986)
Proceeds from notes payable	18,863,190	7,618,500
Capital contributions received	48,414,732	51,218,734
Distributions	(1,513,460)	(5,706,475)
Decrease in capital redemption payable	-	(1,114,054)
Net cash provided by financing activities	<u>60,619,082</u>	<u>51,975,719</u>
Net change in cash, cash equivalents and restricted cash	(574,524)	(19,618,967)
Cash, cash equivalents and restricted cash, beginning of year	<u>41,994,377</u>	<u>61,613,344</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 41,419,853</u>	<u>\$ 41,994,377</u>
<i>Reconciliation of cash, cash equivalents and restricted cash:</i>		
Cash and cash equivalents	\$ 38,682,704	\$ 41,404,499
Restricted cash	<u>2,737,149</u>	<u>589,878</u>
Total cash, cash equivalents and restricted cash	<u>\$ 41,419,853</u>	<u>\$ 41,994,377</u>
<i>Supplemental information:</i>		
Interest paid	<u>\$ 484,978</u>	<u>\$ 389,638</u>

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. *Background and Accounting Policies*

Purpose

On July 1, 1990, the Massachusetts Housing Investment Corporation (MHIC) was formally established as a Massachusetts-chartered, Chapter 180, not-for-profit corporation. MHIC's mission is to pool the resources of Massachusetts' lenders and investors to improve and expand the financing of affordable housing and community development throughout New England.

Program Activities

MHIC has established five main financing programs to carry out its mission:

Loan Program

The loan program focuses on providing debt financing to developers of affordable housing. From its inception in 1990 through December 2000, MHIC utilized a loan pool structure to extend this financing. The loan-pool was funded with the proceeds from below market rate loans (member loans) made to MHIC from participating member corporations. In January 2001, MHIC converted the loan pool to a limited liability company structure. As a result, the member loans were converted to equity interests in a new entity, MHIC, LLC (the LLC). In addition, the various project loans, deposit accounts and reserves owned by MHIC were transferred to the LLC in exchange for extinguishing the member loans. MHIC is the manager of the LLC (see Note 6).

Low Income Housing Tax Credit (LIHTC) Program

The LIHTC program utilizes the federal low-income housing tax credit to provide equity financing to developers of affordable housing. The initial role of the program was to assist member corporations in underwriting low-income housing tax credit investments. The program, through MHIC's wholly-owned subsidiary MHEF, Inc., is now a full-service syndicator of limited partnerships or limited liability companies (LIHTC Funds) structured for investment in low-income housing projects (Operating Partnerships) in Massachusetts. MHEF was formed in June 1993 and is currently the general partner/managing member of thirty-five LIHTC Funds (see Note 2).

New Markets Tax Credit (NMTC) Program

The NMTC program utilizes the federal new markets tax credit to provide debt and equity financing to businesses that serve or operate in low-income communities. As of December 31, 2019, MHIC has received twelve allocations of new markets tax credits totaling \$907,000,000.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Program Activities - continued

New Markets Tax Credit (NMTC) Program - continued

MHIC has utilized these allocations to syndicate investment companies (NMTC Funds) that are structured for investment in community development entities (MHIC-CDEs), which in turn provide financing to qualifying businesses. MHIC has also utilized these allocations for single investor funds in which the sole investor creates a NMTC Fund to invest in MHIC-CDEs, which in turn provide financing to qualifying businesses. In aggregate, MHIC has made cumulative investments totaling \$869,825,000, of which \$305,627,772 is outstanding as of December 31, 2019.

Neighborhood Stabilization Program (NSP)

The NSP utilizes federal grant funds to enhance the feasibility of acquiring and rehabilitating foreclosed residential properties in targeted neighborhoods in Massachusetts. The foreclosed properties are typically acquired and rehabilitated with a combination of financing from NSLF (see Note 3) and federal subsidy in the form of subordinate loans or non-interest bearing loans from MHIC.

MHIC is a sub-recipient of \$10,000,000 of NSP1 grant funds from the City of Boston. In addition, MHIC is the lead member of a consortium that received an award of \$21,822,940 of NSP2 grant funds in February 2011. Each grant is governed by a specific contract that stipulates the various federal program requirements.

HomeCorps Community Restoration Grant Program (HCRG)

The HCRG program utilizes state grant funds to enhance the feasibility of acquisition and rehabilitation of foreclosed residential properties in targeted neighborhoods in Massachusetts. The foreclosed properties are typically acquired and rehabilitated with a combination of financing from NSLF (see Note 3) and state subsidy in the form of subordinate loans or non-interest bearing loans from MHIC.

Basis of Accounting

MHIC's consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Principles of Consolidation

The consolidated financial statements include the accounts of MHIC and its wholly-owned subsidiaries, Massachusetts Housing Equity Fund, Inc. (MHEF), MHIC HNEF Investor LLC (HNEF Investor), MHIC HNEF Manager LLC (HNEF Manager), MHIC HNEF Class B Investor LLC (HNEF Class B), MHIC New Markets Manager LLC (MHIC NMM LLC), MHIC New Markets Investor LLC (MHIC NMILLC), MHIC CMF Affordable Housing Fund I LLC (CMF), MHIC Neighborhood Commerce Fund I LLC (NCF) and Neighborhood Stabilization Loan Fund LLC (NSLF). MHIC is also the majority owner of MHIC NE New Markets CDE I LLC (MHIC NM CDE I).

In addition, MHIC and some of its wholly owned subsidiaries are the general partner/managing member in the LLC, Healthy Neighborhoods Equity Fund I Limited Partnership (HNEF) and various LIHTC Funds. Under GAAP, a not-for-profit corporation that owns or controls the general partner/managing member is presumed to have control of that related limited partnership/limited liability company unless certain circumstances exist that overcome that presumption of control.

Accordingly, MHIC is deemed to have control over the LLC, HNEF and the following LIHTC Funds. The limited partner/member interests are reflected as non-controlling interests in the net assets section of the consolidated financial statements.

LIHTC Funds:

Massachusetts Housing Equity Fund 2001, LLC	Massachusetts Housing Equity Fund XVIII, LLC
Massachusetts Housing Equity Fund 2002, LLC	Massachusetts Housing Equity Fund XIX, LLC
Massachusetts Housing Equity Fund X, LLC	Massachusetts Housing Equity Fund XX, LLC
Massachusetts Housing Equity Fund XI, LLC	Massachusetts Housing Equity Fund XXI, LLC
Massachusetts Housing Equity Fund XII, LLC	Massachusetts Housing Equity Fund XXII, LLC
Massachusetts Housing Equity Fund XIII, LLC	Massachusetts Housing Equity Fund XXIII, LLC
Massachusetts Housing Equity Fund XIV, LLC	Massachusetts Housing Equity Fund XXIV, LLC
Massachusetts Housing Equity Fund XVI, LLC	Massachusetts Housing Equity Fund XXV, LLC
Massachusetts Housing Equity Fund XVII, LLC	

For financial reporting purposes, the financial position and activities of MHIC and the entities listed above have been consolidated and all significant intercompany accounts and transactions have been eliminated. All entities listed above will be collectively referred to as the Organization.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Basis of Presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors has discretionary control over all of these assets and may elect to designate such resources for specific purposes.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions of cash and other assets are reported as increases to net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions. Contributions with donor restrictions received where related restrictions are met in the same reporting period are classified as contributions without donor restrictions. Board and external source designated funds are recorded as such in net assets without donor restrictions.

Adoption of New Accounting Pronouncements

During 2019, the Organization adopted the provisions of the Financial Accounting Standard Board's (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all related amendments. ASU 2014-09 supersedes most existing revenue recognition guidance. ASU 2014-09 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Organization expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue from contracts with customers, and therefore no changes to the previously issued audited consolidated financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Adoption of New Accounting Pronouncements - continued

During 2019, the Organization adopted the provisions of FASB's ASU 2018-08 Not-For-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 requires transactions to be determined as an exchange or contribution and as conditional or unconditional when a contribution has taken place. The Organization has applied the ASU on a modified prospective basis and has concluded that the adoption of the new standard did not require an adjustment to the opening net asset balances.

During 2019, the Organization adopted the provisions of FASB's ASU 2016-18, Statement of Cash Flows (Topic 230) – *Restricted Cash*. The ASU requires that a statement of cash flows explain the change during the period in total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. The Organization has applied the ASU retrospectively to all prior periods presented. The adoption of the ASU did not impact the consolidated statement of financial position at December 31, 2018 or the consolidated statement of activities for the year then ended. The adoption of the ASU did not materially change the statement of cash flows for the year ended December 31, 2018, except for increasing cash and restricted cash at the beginning and ending of the year by \$1,563,774 and \$589,878, respectively.

Reclassification

Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

Revenue Recognition

Loan program revenue reflects fees earned on a contractual basis for services. The Organization recognizes revenue from the loan program as the services are provided.

LIHTC program revenue reflects fees earned on a contractual basis for services that include organization, syndication, underwriting, long-term asset management and partnership administration. The fees for syndicating and organizing the LIHTC Funds are recognized when syndication is complete. Fees for underwriting investments are recognized at the time the underlying properties are acquired (see Note 9).

The fees for asset management and partnership administration are recognized over the life of the LIHTC Funds (estimated to be approximately 15 years). Certain refundable fees are deferred until the potential obligation lapses (see Note 9).

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Revenue Recognition - continued

NMTC program revenue reflects fees earned on a contractual basis for services provided to the MHIC-CDEs (see Note 8). The Organization recognizes revenue from the NMTC program as the services are provided.

In general, grant income is derived from cost-reimbursable federal, state and local government contracts, which are conditioned upon certain performance requirements and/or the incurrence of qualifying expenditures. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to costs being incurred are recorded as deferred revenue in the accompanying consolidated financial statements.

Cash and Cash Equivalents

The Organization considers highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019 and 2018, the Organization held cash equivalents of \$5,413,615 and \$9,000,000, respectively.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation is computed by the straight-line method using rates based on estimated useful lives that range from 3 to 5 years. Assets with a cost of greater than \$1,000 and a useful life of greater than one year are capitalized.

Use of Estimates

Financial statements prepared in accordance with GAAP require the use of management estimates that affect the amounts and disclosures recorded in the consolidated financial statements. Actual results may differ from those estimates.

Project Loans and Allowance for Possible Project Loan Losses

Loans are stated at the amount of unpaid principal. Interest on project loans is recognized as income by applying the interest rates in effect to the principal amount outstanding. Accrual of interest income on project loans receivable is suspended when a loan is contractually delinquent for ninety days. The accrual is resumed when the loan becomes contractually current. An allowance for project loan losses is maintained based upon the evaluation of the risks associated with the outstanding loan assets. Any losses or recoveries subsequently realized are charged or credited to the allowance.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Off Balance Sheet Credit Exposure

As a financial services provider, the Organization routinely extends credit in the form of loan commitments. The funded portion of these commitments is reflected on the accompanying consolidated statements of financial position as project loans. The unfunded portions of these commitments, which represent contractual obligations that may require the use of cash in the future, are considered off-balance sheet liabilities. They involve, to varying degrees, elements of credit and interest rate risk that are not recognized in the accompanying consolidated statements of financial position.

Unfunded loan commitments represent the maximum possible credit risk should the borrowers fully draw down their loans. They are subject to the provisions of the underlying loan agreements and are cancellable only if the borrower is in default or in violation of any loan covenants. As of December 31, 2019 and 2018, unfunded loan commitments totaled \$121,991,952 and \$47,571,645, respectively. These commitments have been established pursuant to the Organization's loan policy.

Since the Organization's loan portfolio is heavily concentrated with loans for affordable housing that contain limited market risk, an allowance for loan losses for unfunded commitments is only established for specific borrowers on a case by case basis. At December 31, 2019 and 2018, there were no reserves for unfunded loan commitments.

Below Market Loans

The Organization's mission is to pool the resources of Massachusetts' lenders and investors to improve and expand the financing of affordable housing and community development throughout the state. Other not-for-profit and governmental entities having a similar policy have lent money to the Organization at advantageous terms. The Organization has not discounted these below market interest rate loans as they were made at arm's length and to further those entities' policies.

Functional Expenses

Expenses are charged directly to program services or management and general based on specific identification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, occupancy, equipment and furniture, depreciation, and other office expenses and support, which are allocated on the basis of time and effort. The consolidated statements of functional expenses disclose expenses by functional and natural classification.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Income Tax Status

In February 1993, MHIC was granted tax-exempt status as a 501(c)(3) corporation under federal and state tax law. MHEF and MHIC NMILLC are for-profit corporations and therefore are subject to federal and state income taxes. HNEF, MHIC NM CDE I, the LLC and the LIHTC Funds are limited partnerships and any taxable income or loss passes through to, and is reportable by, the partners individually. NSLF, HNEF Investor, HNEF Manager, HNEF Class B, CMF, NCF and MHIC NMM LLC are disregarded entities for tax purposes.

MHIC's for-profit corporate subsidiaries account for income taxes, whereby deferred taxes are recognized using the liability method. This method calculates deferred tax assets and liabilities based on tax rates that are expected to apply when temporary differences reverse.

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* of being sustained by the applicable tax authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year consolidated financial statements. At December 31, 2019, the Organization believes that it has no uncertain tax positions within any of its open tax years, (2016-2018).

Investments and Investment Income

Investments in Operating Partnerships

The Organization accounts for its investments in Operating Partnerships using the equity method of accounting. Under the equity method, the investments are carried at cost and adjusted for the Organization's share of income, losses, additional investments and cash distributions from the program related investments. As a limited partner in the Operating Partnerships, with no further funding obligations, the Organization ceases recognition of losses for financial statement purposes once the cost of an investment is reduced to zero. Changes in the value of the investments, which are other than temporary, are recognized as necessary.

Investments in Capital Stock

During 2019 and 2018, the Organization owned capital stock in the Federal Home Loan Bank of Boston (FHLBB). The investment in FHLBB is valued at cost due to the lack of information that can be used to approximate the fair value. At December 31, 2019 and 2018, the Organization's investment in the FHLBB totaled \$361,500 and \$213,100, respectively. Management annually performs an assessment of any possible impairment. As of December 31, 2019 and 2018, management has determined that no such impairment exists.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Investments and Investment Income - continued

Investments in Marketable Securities

Marketable securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See below for discussion of fair value measurements.

Dividends, interest and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law temporarily or permanently restrict their use.

Fair Value Measurements

Fair value measurements are reported using a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

1. *Background and Accounting Policies - continued*

Measure of Operations

In its consolidated statements of activities, MHIC includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes gains and losses from its investments in operating partnerships, federal grant revenue and federal grant expenditures.

2. *Massachusetts Housing Equity Fund, Inc. (MHEF)*

MHEF, as general partner/managing member of the aforementioned LIHTC Funds, has a de minimis interest in their respective profits, losses and distributions. However, MHEF accounts for its investment in the LIHTC Funds it is deemed to control, using the consolidation method. There are also several single investor LIHTC funds that MHEF does not control which are accounted for under the equity method. Under the equity method, the investments are carried at cost and adjusted for MHEF's share of income or loss from the single investor LIHTC Funds, additional investments and cash distributions.

The LIHTC Funds, as limited partners in the various Operating Partnerships, are subject to risks inherent in the ownership of property which is beyond their control, such as fluctuations in occupancy rates and operating expenses, variations in rental schedules, proper maintenance of facilities and continued eligibility for tax credits. If the cost of operating a property exceeds the rental income earned thereon, the LIHTC Fund, or MHEF acting independently as an investor, may deem it in its best interest to voluntarily invest additional funds in order to protect its investment.

As of December 31, 2019 and 2018, MHEF had total assets of \$491,629, and MHIC's investment in MHEF amounted to \$491,629.

3. *Neighborhood Stabilization Loan Fund LLC (NSLF)*

NSLF is organized as a single-member Massachusetts limited liability company, with MHIC as the sole member and program administrator. The purpose of NSLF is to provide loans to local organizations whose goal is the purchase and rehabilitation of foreclosed residential properties in neighborhoods in Massachusetts with a concentration of foreclosed properties. NSLF has secured debt as its primary source of capital, which is used to provide financing for the acquisition and rehabilitation of foreclosed properties.

At December 31, 2019 and 2018, NSLF had total assets of \$263,692 and \$265,058, and MHIC's investment amounted to \$263,692, and \$264,412, respectively.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

4. *MHIC CMF Affordable Housing Fund I LLC (CMF)*

During 2017, MHIC received \$1,800,000 in grant funds from the Community Development Financial Institutions Fund (CDFI) to capitalize CMF, a single member Massachusetts limited liability company, with MHIC as the sole member and program administrator. The purpose of CMF is to provide loans to affordable rental housing developments within Massachusetts, particularly those located in areas of high housing need and/or those with at least twenty percent of units reserved for households earning no more than fifty percent of area median income.

At December 31, 2019 and 2018, CMF had total assets of \$14,387,586 and \$6,823,322, and MHIC's investment amounted to \$1,916,120 and \$1,800,798, respectively.

5. *Healthy Neighborhoods Equity Fund I Limited Partnership (HNEF)*

HNEF is organized as a Massachusetts limited partnership for the purpose of investing in or making loans to entities that intend to engage in the construction or rehabilitation of mixed-income, mixed-use commercial and residential developments.

At December 31, 2019 and 2018, HNEF had total assets of \$17,321,169 and \$18,465,226, respectively, and HNEF Investor, HNEF Manager and HNEF Class B (the HNEF LLC's) investment amounted to \$5,210,610 and \$5,767,827, respectively. At December 31, 2019 and 2018, partners' equity of \$10,494,225 and \$11,715,731, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

The HNEF LLCs' are organized as single-member Massachusetts limited liability companies, with MHIC as the sole member and administrator. The purpose of the HNEF LLCs' is to acquire partnership interests in and provide management services to HNEF. HNEF Manager is the general partner of HNEF and under GAAP, is deemed to have control over that entity.

At December 31, 2019 and 2018, the HNEF LLCs' had total assets of \$5,210,610 and \$5,767,827, and MHIC's investment amounted to \$5,210,610 and \$5,767,827, respectively.

6. *The LLC*

The LLC is a Massachusetts limited liability company that was established on January 2, 2001, to pool the resources of members to provide financing for the creation and preservation of affordable housing and community development activities that serve lower income populations, distressed communities or other community development needs not well served by conventional financing. The LLC will continue in existence until December 31, 2099, unless terminated earlier in accordance with the dissolution provisions of the LLC's operating agreement. The LLC has fourteen members who combined own 100% of the interest in the income, gain, losses and deductions of the LLC. MHIC is the manager member of the LLC and under GAAP, is deemed to have control over this entity.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

6. *The LLC - continued*

At December 31, 2019 and 2018, the LLC had total assets of \$47,263,456 and \$40,756,067, respectively. At December 31, 2019 and 2018, members' equity of \$35,052,693 and \$35,041,459, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

7. *MHIC Neighborhood Commerce Fund I LLC (NCF)*

During 2019, MHIC received \$612,000 in grant funds from CDFI to capitalize NCF, a single member Massachusetts limited liability company, with MHIC as the sole member and program administrator. The purpose of NCF is to provide working capital loans or fit-out loans to small businesses that are tenants in MHIC financed properties.

At December 31, 2019, NCF had total assets of \$2,759,486, and MHIC's investment amounted to \$778,072.

8. *NMTC Funds and Program Revenue*

NMTC Funds

Prior to 2018, MHIC through a wholly owned subsidiary, as the managing member, was deemed to have control over MHIC New Markets Fund IV LLC (NMTC Fund IV). NMTC Fund IV was formed for the purpose of making qualified equity investments (QEIs), as defined in Section 45D(b) of the Internal Revenue Code, in one or more series of MHIC-CDEs. These QEIs are made for the purpose of claiming the NMTCs. These NMTC Funds provided investment capital to businesses in low-income communities in Massachusetts that are not served by conventional forms of financing or equity. NMTC Fund IV was terminated on December 31, 2018.

As of December 31, 2019 and 2018, the unwind of the NMTC Fund IV, in addition to the assignment of various limited partner interests in Operating Partnerships and project loans receivable, resulted in losses on redemption/write off of portfolio investments of zero and \$514,424, respectively.

Program Revenue

MHIC has entered into agreements with various single investor NMTC Funds, of which it does not control, to provide various professional, administrative and management services. The fees for these services were determined by MHIC. These services include all administrative and management support in connection with the formation of the MHIC-CDEs, legal and professional services required to close loans to or investments in qualifying businesses, and asset management services to monitor business and compliance aspects of MHIC-CDEs loans and investments. These fees are earned on a monthly basis as the services are provided and payment is anticipated within thirty days of billing based on available cash flow.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

8. *NMTC Funds and Program Revenue – continued*

During the years ended December 31, 2019 and 2018, MHIC earned total fees for services to the MHIC-CDEs of \$3,083,928 and \$3,943,784, respectively. Amounts receivable in connection with these fees totaled \$648,532 and \$551,111 at December 31, 2019 and 2018, respectively.

9. *LIHTC Funds and Program Revenue*

LIHTC Funds

As described in Note 1, MHIC through a wholly owned subsidiary, as the managing member, is deemed to have control over seventeen LIHTC Funds at December 31, 2019 and 2018. The LIHTC Funds were formed in order to acquire, rehabilitate, construct, operate and manage multifamily properties located in Massachusetts that are expected to qualify for federal low income housing tax credits. These tax credits along with the LIHTC Fund's share of income and losses from the Operating Partnerships are then allocated to the LIHTC Funds' members. The LIHTC Funds will continue in existence in accordance with each respective operating agreement.

At December 31, 2019 and 2018, the LIHTC Funds controlled by MHIC had total assets of \$274,883,452 and \$274,211,443, respectively. At December 31, 2019 and 2018, partners'/members' equity of \$272,892,320 and \$267,315,198, respectively, is reported as non-controlling interest on the accompanying consolidated statements of financial position.

LIHTC Program Revenue

MHIC has entered into agreements with various single investor LIHTC Funds, of which it does not control, to provide investment and management services. The fees for these services were determined by MHIC. These services include underwriting and administrative support in connection with syndicating investments, legal and professional services required to close loans to or investments in qualifying businesses and long term asset management services to monitor business and compliance aspects of the portfolio of investments. These fees are earned on a monthly basis as the services are provided and payment is anticipated within thirty days of billing based on available cash flow.

During the years ended December 31, 2019 and 2018, MHIC earned total fees for services to the single investor LIHTC Funds of \$1,045,509 and \$1,886,856, respectively. Amounts receivable in connection with these fees totaled \$806,619 and \$828,043 at December 31, 2019 and 2018, respectively.

Unearned equity fees reflect MHIC's obligation to provide future services to the LIHTC Funds as consideration for the fees received in advance. This obligation is reduced as services are provided, according to the revenue recognition methodology as described above.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

9. LIHTC Funds and Program Revenue - continued

The following table provides information about significant changes in the unearned fees for the years ended December 31, 2019 and 2018:

	2019	2018
Unearned fees, beginning balance	\$ 1,025,329	\$ 1,037,958
Investor servicing fees recognized	(125,447)	(134,832)
Collection of advanced fees	<u>112,953</u>	<u>122,203</u>
Unearned fees, ending balance	<u><u>\$ 1,012,835</u></u>	<u><u>\$ 1,025,329</u></u>

10. Liquidity and Availability

The following represents the Organization's financial assets at December 31, 2019 and 2018:

	2019	2018
<i>Financial assets at year end:</i>		
Cash and cash equivalents	\$ 38,682,704	\$ 41,404,499
Fee receivable - LIHTC Partnerships	806,619	828,043
Fee receivable - NMTC CDEs'	648,532	551,111
Current portion of program related loans	19,234,350	21,513,956
Program loan interest receivable	1,143,212	576,183
Accounts receivable	<u>568,718</u>	<u>307,029</u>
Total financial assets	<u><u>61,084,135</u></u>	<u><u>65,180,821</u></u>
<i>Less amounts not available to be used within one year:</i>		
Board designated net assets	(500,000)	(500,000)
Net assets with donor restrictions	<u>(1,800,000)</u>	<u>(1,210,122)</u>
	<u><u>(2,300,000)</u></u>	<u><u>(1,710,122)</u></u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 58,784,135</u></u>	<u><u>\$ 63,470,699</u></u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. In addition, cash in excess of daily requirements is invested in overnight funding deposits and money market accounts. The Board of Directors occasionally designates a portion of any operating surplus to provide for additional cash needs as described more fully in Note 22. Additionally, any proceeds received from the program related loans may be used to repay current obligations on notes payable, make new program related loans or be appropriated to support other aspects of the Organization's general operations.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

11. Program Loans

Program loans are loans made to low-income housing and community development projects and are offered in conjunction with financing provided by affiliates of the Organization. The Organization typically provides the predevelopment or high loan-to-value component of the financing for a given transaction. Program related loans earn interest at either fixed or variable rates that range from 0% to 8% and are secured, in a subordinated position, by the underlying real estate.

At December 31, 2019 and 2018, the activity in the program loans was as follows:

	<i>2019</i>	<i>2018</i>
Beginning balance	\$ 39,006,688	\$ 24,286,853
Loan disbursements	47,473,870	29,888,104
Loans assigned/distributed	(2,692,087)	(2,521,699)
Loans written off	-	(514,424)
Loan repayments	<u>(20,604,997)</u>	<u>(12,132,146)</u>
Project loans outstanding	63,183,474	39,006,688
Allowance for loan losses	<u>(1,246,654)</u>	<u>(504,612)</u>
Ending balance	<u><u>\$ 61,936,820</u></u>	<u><u>\$ 38,502,076</u></u>

Program loans consist of the following:

<i>Loan category</i>	<i>2019</i>	<i>2018</i>
Construction	\$ 18,552,535	\$ 13,341,602
Line of credit	586,978	662,473
Acquisition	23,191,543	7,924,979
Amortizing	9,376,198	4,077,421
Mini perm	4,357,469	3,961,388
Bridge	5,092,651	8,440,758
Predevelopment	<u>2,026,100</u>	<u>598,067</u>
Project loans outstanding	63,183,474	39,006,688
Allowance for loan losses	<u>(1,246,654)</u>	<u>(504,612)</u>
Project loans, net	<u><u>\$ 61,936,820</u></u>	<u><u>\$ 38,502,076</u></u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

11. Program Loans - continued

At December 31, 2019, contract maturities of the above loans are as follows:

2020	\$ 19,234,350
2021	18,100,419
2022	1,182,099
2023	25,012
2024	26,369
Thereafter	24,615,225
Total	<u>\$ 63,183,474</u>

The amount of loans on which MHIC has ceased accruing interest totaled \$1,293,000 and zero at December 31, 2019 and 2018, respectively. The amount of interest not recorded on nonaccrual loans was approximately \$30,994 and zero for the years ended December 31, 2019 and 2018, respectively.

The following tables present informative data by class of financing receivables regarding their age and interest accrual status at December 31, 2019 and 2018:

	<u>Past Due</u>					<u>Status of Interest Accruals</u>	
						Financing Receivables	Past Days +90 still Accruing interest
					Total Financing Receivables	Total Financing Receivables on Non- Accrual Status	
December 31, 2019	Current	30-59 Days	60-89 Days	90 + days			
Construction	\$ 18,552,535	\$ -	\$ -	\$ -	\$ 18,552,535	\$ -	\$ -
Line of credit	586,978	-	-	-	586,978	-	-
Acquisition	23,191,543	-	-	-	23,191,543	-	-
Amortizing	8,083,198	-	-	1,293,000	9,376,198	1,293,000	-
Mini perm	4,357,469	-	-	-	4,357,469	-	-
Bridge	5,092,651	-	-	-	5,092,651	-	-
Predevelopment	2,026,100	-	-	-	2,026,100	-	-
Total	\$ 61,890,474	\$ -	\$ -	\$ 1,293,000	\$ 63,183,474	\$ 1,293,000	\$ -

	<u>Past Due</u>					<u>Status of Interest Accruals</u>	
						Financing Receivables	
					Total Financing Receivables	Total Financing Receivables on	Past Days +90 still Accruing interest
December 31, 2018	Current	30-59 Days	60-89 Days	90 + days	Receivables	Non- Accrual Status	
Construction	\$ 13,341,602	\$ -	\$ -	\$ -	\$ 13,341,602	\$ -	\$ -
Line of credit	662,473	-	-	-	662,473	-	-
Acquisition	7,924,979	-	-	-	7,924,979	-	-
Amortizing	4,077,421	-	-	-	4,077,421	-	-
Mini perm	3,961,388	-	-	-	3,961,388	-	-
Bridge	8,440,758	-	-	-	8,440,758	-	-
Predevelopment	598,067	-	-	-	598,067	-	-
Total	\$ 39,006,688	\$ -	\$ -	\$ -	\$ 39,006,688	\$ -	\$ -

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

11. *Program Loans – continued*

Program loans do not include loans made under the NSP1, NSP2 and HCRG programs. Such loans made for the acquisition and rehabilitation of foreclosed properties require deeded affordability restrictions and provide for the forgiveness of outstanding loan balances based on compliance with those restrictions. During 2019 and 2018, no NSP and HCRG loan funds were disbursed and recorded as grant expense.

Program regulations require that the recovery of loan funds, if any, be recorded as program income when received. As of December 31, 2019 and 2018, no program was earned and recorded in the consolidated statements of activities.

12. *Investments in Marketable Securities*

Investments in marketable securities consist of Ginnie Mae pass-through securities. The Ginnie Mae securities were purchased as collateral for certain borrowing transactions with the Federal Home Loan Bank of Boston. There is an active secondary market for these securities and management considers them held “for-sale”. The underlying assets consist of mortgage loans that are insured by the federal government.

At December 31, 2019 and 2018, the securities were valued at \$148,562 and \$216,063, respectively. During 2019, MHIC recorded unrealized gains of \$1,653 and during 2018, MHIC recorded an unrealized loss of \$4,238.

All investment assets have been valued using the market approach. There have been no changes in the methodologies used at December 31, 2019 and 2018.

The Ginnie Mae’s securities are backed by U.S. Government securities and estimated based on quoted market prices for securities of similar maturity in markets that are not active and are considered level 2 investments.

13. *Investments in Operating Partnerships*

HNEF and the LIHTC Funds (the Investment Companies) invest in Operating Partnerships by providing equity financing in exchange for limited partner interests, cash flows, low income housing tax credits, new markets tax credits and other benefits.

As of December 31, 2019, the Investment Companies have advanced \$429,697,276, to 95 Operating Partnerships and had outstanding commitments of \$75,749,625. As of December 31, 2018, the Investment Companies have advanced \$446,115,447, to 102 Operating Partnerships and had outstanding commitments of \$68,120,794.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

13. Investments in Operating Partnerships - continued

Because the Investment Companies do not have the ability to exercise significant influence over the investments as the limited partner and due to the lack of information that can be used to approximate the fair value, these investments are accounted for under the equity method.

The summarized financial information for the investments in Operating Partnerships as of December 31, 2019 and 2018, is as follows:

Condensed Combined Balance Sheets

	2019	2018
<i>Assets</i>		
Current assets	\$ 38,525,748	\$ 41,346,429
Investment property, net	1,277,635,411	1,248,198,450
Other assets	<u>80,210,700</u>	<u>90,451,496</u>
Total assets	<u>\$ 1,396,371,859</u>	<u>\$ 1,379,996,375</u>
<i>Liabilities and Partners' Capital</i>		
Current liabilities	\$ 72,613,597	\$ 43,841,711
Other liabilities	2,039,480	983,308
Long-term debt	<u>1,083,083,597</u>	<u>1,094,722,915</u>
Total liabilities	<u>1,157,736,674</u>	<u>1,139,547,934</u>
Investment companies share of combined capital	254,340,047	253,968,658
Other partners' share of combined capital	<u>(15,704,862)</u>	<u>(13,520,217)</u>
Total partners' capital	<u>238,635,185</u>	<u>240,448,441</u>
Total liabilities and partners' capital	<u>\$ 1,396,371,859</u>	<u>\$ 1,379,996,375</u>

Condensed Combined Statements of Operations

	2019	2018
<i>Revenue</i>		
Rent revenue	\$ 120,872,555	\$ 110,561,805
Interest revenue	<u>2,610,432</u>	<u>1,354,121</u>
Total revenue	<u>123,482,987</u>	<u>111,915,926</u>
<i>Expenses</i>		
Operating expenses	73,734,792	67,477,196
Interest expense	40,135,444	38,922,087
Depreciation and amortization	<u>41,142,068</u>	<u>37,275,558</u>
Total expenses	<u>155,012,304</u>	<u>143,674,841</u>
Combined net loss	<u>\$ (31,529,317)</u>	<u>\$ (31,758,915)</u>
Investment companies share of combined net loss	\$ (26,147,238)	\$ (26,367,752)
Other partners' share of combined net loss	<u>(5,382,079)</u>	<u>(5,391,163)</u>
Total combined net loss	<u>\$ (31,529,317)</u>	<u>\$ (31,758,915)</u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

13. Investments in Operating Partnerships - continued

Reconciliation of Investments at Equity

	2019	2018
Investment companies share of capital at December 31, as shown above	\$ 254,340,047	\$ 253,968,658
Cumulative losses in excess of investment in individual operating partnerships	4,261,818	7,846,375
Excess basis of acquisition and financing costs	<u>7,338,560</u>	<u>7,833,551</u>
Investment at equity at December 31	<u>\$ 265,940,425</u>	<u>\$ 269,648,584</u>
Investment companies share of operations as of December 31, as shown above	\$ (26,147,238)	\$ (26,367,752)
Losses in excess of investment in individual operating partnerships	5,084,468	3,595,199
Loss on assignment of interests in operating partnerships	<u>(19,819,540)</u>	<u>(1,963,388)</u>
Investment companies share of operations	<u>\$ (40,882,310)</u>	<u>\$ (24,735,941)</u>

Management annually performs an assessment of any possible impairment of the investments in Operating Partnerships. As of December 31, 2019 and 2018 management has determined that no such impairment exists.

14. Notes Payable

MHIC

MHIC has borrowed \$1,000,000 from the Department of Housing and Community Development under the Affordable Housing Trust Fund Statute. The loan bears no interest and the entire amount is payable in full on December 31, 2030. At December 31, 2019 and 2018, the outstanding balance was \$1,000,000.

MHIC has borrowed \$1,000,000 from The Boston Foundation. The loan bears interest at 1.5% and matures on December 15, 2025. At December 31, 2019 and 2018, the outstanding balance was \$1,000,000.

MHIC has borrowed \$3,600,000 from the Northern Trust Company. The loan bears interest at 1.5% and matures on December 14, 2025. At, December 31, 2019 and 2018, the outstanding balance was \$3,600,000.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

14. Notes Payable - continued

MHIC - continued

MHIC has borrowed \$2,672,778 from the Federal Home Loan Bank under the Jobs for New England program (JNE) for the purpose of making commercial loans to two specific projects. In addition, MHIC borrowed \$3,562,844 under the Affordable Housing Program (AHP) for the purpose of making permanent loans to two specific projects. The loans bear interest at rates ranging from 0% to 1% and have maturity dates that range from April 2025 to February 2039. At December 31, 2019 and 2018, the outstanding balance of notes payable to the Federal Home Loan Bank was \$6,235,622 and \$2,573,717, respectively.

During 2019, MHIC borrowed \$5,000,000 from the Kresge Foundation for the purpose of making commercial loans to specific projects. The loan bears interest at 1% and matures November 27, 2028. At December 31, 2019, the outstanding balance was \$2,563,900.

During 2019, MHIC borrowed \$1,000,000 from the Boston Medical Center for the purpose of making commercial loans to specific projects. The loan bears no interest and matures December 18, 2026. At December 31, 2019, the outstanding balance was \$1,000,000.

The LLC

Revolving

The LLC has established revolving credit facilities totaling \$15,000,000 to provide leverage for funding its portfolio of floating rate loans. During 2019, the revolving credit facilities were amended and increased to \$25,000,000. These revolving credit facilities are guaranteed by MHIC. Each advance under the respective facilities has a separate maturity date and interest rate, which is determined on the date of the advance. The LLC has the option of selecting from several methods for determining the rate at which interest will accrue on a given advance. All of the advances to date accrue interest at the 30-day LIBOR rate plus 125 basis points.

The LLC has pledged various first mortgages from its loan portfolio as collateral for the facilities. During 2019, the LLC received three advances totaling \$9,700,000, maturing on various dates during 2020. At December 31, 2019 and 2018, the outstanding balance was \$9,700,000 and zero, respectively.

MacArthur Foundation Note

The LLC had indebtedness to a not-for-profit corporation for \$500,000. The note bears interest of 2% and matures April 1, 2021. At December 31, 2019 and 2018, outstanding principal totaled \$500,000.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

14. Notes Payable - continued

The LLC - continued

Additional Note

During 2018, the LLC borrowed \$5,000,000 from the Massachusetts Housing Partnership. The note bears interest of 3.73% and matured May 1, 2019. At December 31, 2019 and 2018, outstanding principal was zero and \$5,000,000, respectively.

FHLBB Note

During 2019, the LLC borrowed \$1,810,513 from the FHLBB. The note bears interest of 3.48%, requires monthly payment of principal and interest of \$8,162 and matures May 2, 2039. At December 31, 2019 and 2018, the outstanding principal balance was \$1,790,832 and zero, respectively.

Scheduled payments of principal for the next five years and thereafter is as follows:

<i>Year</i>	<i>Amount</i>
2020	\$ 9,874,605
2021	676,391
2022	178,229
2023	180,115
2024	181,700
Thereafter	<u>16,299,314</u>
Total	<u>\$ 27,390,354</u>

15. Cash and Credit Risk

At December 31, 2019 and 2018, cash balances are held at financial institutions with federally insured limits of up to \$250,000 for each financial institution. Balances held at these institutions during the year can exceed this limit. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on its cash balances.

16. Leases

MHIC leases its facilities and certain furniture and equipment under operating leases that expire over future periods and require various minimum rental payments.

MHIC incurred lease expenses associated with office space and equipment of \$556,861 and \$524,836, for the years ended December 31, 2019 and 2018, respectively. MHIC's current office lease expires on December 31, 2025 with one five year option to extend.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

16. *Leases - continued*

Future minimum payments under these non-cancelable operating leases consist of the following at December 31, 2019:

<i>Year</i>	<i>Amount</i>
2020	\$ 469,446
2021	479,629
2022	489,812
2023	499,995
2024	554,983
Thereafter	<u>565,167</u>
Total	<u>\$ 3,059,032</u>

17. *Employee Benefit Plan*

As a tax-exempt 501(c)(3) corporation, MHIC established a noncontributory, defined contribution plan under Section 401(a) of the Internal Revenue Code covering all full-time employees. The employer contribution has multiple components that are based upon a percentage of employee salary. These components include 4% profit sharing, a 100% match of employee contributions up to 3% of a given employee's salary and a safe harbor match of up to an additional 1% of a given employee's salary. MHIC contributed and charged to expense \$329,808 and \$314,843 for the years ended December 31, 2019 and 2018, respectively. These amounts are reflected in salaries and employee benefits in the accompanying consolidated statements of activities.

18. *Guarantees Provided for Borrowing Facilities of Affiliates*

As of December 31, 2019 and 2018, MHIC is the guarantor on several borrowing facilities of its affiliates, for which there is no outstanding balance. These credit facilities are primarily secured by pledges of first mortgage loans, unconditional investor notes, or partnership interests. In the event that the borrowings of the affiliates cannot be repaid as scheduled and the above mentioned primary collateral is not sufficient to cover the outstanding balance, MHIC would assure the obligation. MHIC has not recognized any obligations relative to the guarantees.

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

19. Fixed Assets

Property and equipment consists of the following:

	<i>2019</i>	<i>2018</i>
Furniture	\$ 248,803	\$ 248,803
Equipment	182,910	182,730
Leasehold improvements	<u>75,265</u>	<u>72,148</u>
Total fixed assets	506,978	503,681
Accumulated depreciation	<u>(329,098)</u>	<u>(229,547)</u>
Total	<u>\$ 177,880</u>	<u>\$ 274,134</u>

20. Restricted Cash

At December 31, 2019 and 2018, restricted cash consists of the following:

CDFI grant funds, which are required to be deployed under the CMF revolving loan fund (see Note 4).

CDFI grant funds, which are required to be used as top-loss capital reserves for loans disbursed by NCF (see Note 7).

Federal Realty Investment Trust (FRIT) subsidy grant funds, which are subject to a deposit control agreement and are required to be deployed to approved developers under a Memorandum of Agreement with the City of Somerville.

At December 31, 2019 and 2018, these amounts totaled \$2,737,149 and \$589,878, respectively.

21. Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2019 and 2018 were as follows:

	<i>2019</i>	<i>2018</i>
<i>Specific Purpose and Passage of Time</i>		
CDFI Capital Magnets Grant restricted for use in a revolving loan fund	<u>\$ 1,800,000</u>	<u>\$ 1,210,122</u>
Total net assets with donor restrictions	<u>\$ 1,800,000</u>	<u>\$ 1,210,122</u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Notes to Consolidated Financial Statements - *continued*
December 31, 2019 and 2018

21. Net Assets with Donor Restrictions - continued

Net assets released from net assets with donor restrictions for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
<i>Satisfaction of Purpose Restrictions</i>		
U.S. Bancorp Community Development Corporation grant for the development of a specific project	\$ -	\$ 50,000
Total net assets released from restrictions	<u>\$ -</u>	<u>\$ 50,000</u>

22. Designated Net Assets

During 2014, the Board of Directors designated \$500,000 to provide grants, investments, and/or preferential financing to support and revitalize the South End/Roxbury neighborhoods of Boston, Massachusetts. The designated amount is included under net assets without donor restrictions on the consolidated statements of financial position. As of December 31, 2019 and 2018, none of the designated amount has been spent.

23. Capital Contributions

The Investment Companies have entered into subscription agreements with several investors for limited partnership interest. At December 31, 2019 and 2018, outstanding committed capital contributions totaled \$124,268,146 and \$101,182,878, respectively.

24. Subsequent Events

On March 11, 2020, the World Health Organization has characterized the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. The COVID-19 outbreak might negatively impact construction costs and timelines, as well as lease-up and cash flows for projects financed by the Organization, which in turn could affect the valuation of those assets and the liquidity associated with the collection of those accounts. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on specific developments, including the duration and spread of the outbreak, impact on its customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is unknown.

The Organization has performed an evaluation of subsequent events through October 8, 2020, which is the date the Organization's consolidated financial statements were available to be issued.

Supplemental Schedules

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Consolidating Schedule of Financial Position
December 31, 2019

<i>Assets</i>	<i>MHIC</i>	<i>MHEF</i>	<i>NSLF</i>	<i>CMF</i>	<i>NCF</i>	<i>HNEF LP</i>	<i>MHIC LLC</i>	<i>LIHTC Funds</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Current Assets</i>										
Cash and cash equivalents	\$ 12,418,381	\$ 491,629	\$ 263,692	\$ 26,819	\$ 38,820	\$ 40,583	\$ 4,450,063	\$ 20,952,717	\$ -	\$ 38,682,704
Fees receivable - LIHTC Partnerships	2,458,691	-	-	-	-	-	-	-	(1,652,072)	806,619
Fees receivable - NMTC CDEs ¹	648,532	-	-	-	-	-	-	-	-	648,532
Current portion of program related loans	3,126,260	-	-	10,686,869	182,455	-	5,908,700	516,405	(1,186,339)	19,234,350
Program loan interest receivable	211,564	-	-	142,973	7,091	638,894	197,304	-	(54,614)	1,143,212
Accounts receivable	570,088	-	-	-	-	-	-	-	(1,370)	568,718
Due from affiliates	4,329,102	-	-	-	-	-	-	68,681	(4,397,783)	-
Total current assets	23,762,618	491,629	263,692	10,856,661	228,366	679,477	10,556,067	21,537,803	(7,292,178)	61,084,135
<i>Other Assets</i>										
Investment in marketable securities	148,562	-	-	-	-	-	-	-	-	148,562
Investment in capital stock	266,500	-	-	-	-	-	95,000	-	-	361,500
Program related loans	7,340,033	-	-	3,530,925	2,531,120	2,900,000	36,599,889	428,078	(10,627,575)	42,702,470
Restricted cash	2,737,149	-	-	-	-	-	-	-	-	2,737,149
Investment in subsidiaries	8,660,123	-	-	-	-	-	-	-	(8,660,123)	-
Equity interest in operating partnerships	33,654	-	-	-	-	13,699,766	-	252,207,005	-	265,940,425
Other assets	357,314	-	-	-	-	15,337	12,500	710,566	(711,233)	384,484
Furniture, equipment and leasehold improvements, net of accumulated depreciation	177,880	-	-	-	-	-	-	-	-	177,880
Capitalized costs, net of accumulated amortization	-	-	-	-	-	26,589	-	-	-	26,589
Total other assets	19,721,215	-	-	3,530,925	2,531,120	16,641,692	36,707,389	253,345,649	(19,998,931)	312,479,059
Total assets	\$ 43,483,833	\$ 491,629	\$ 263,692	\$ 14,387,586	\$ 2,759,486	\$ 17,321,169	\$ 47,263,456	\$ 274,883,452	\$ (27,291,109)	\$ 373,563,194

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Consolidating Schedule of Financial Position - *continued*
December 31, 2019

<i>Liabilities and Net Assets</i>	<i>MHIC</i>	<i>MHEF</i>	<i>NSLF</i>	<i>CMF</i>	<i>NCF</i>	<i>HNEF LP</i>	<i>MHIC LLC</i>	<i>LIHTC Funds</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Current Liabilities</i>										
Current portion of notes payable	\$ 139,276	\$ -	\$ -	\$ -	\$ -	\$ 1,186,339	\$ 9,735,329	\$ -	\$ (1,186,339)	\$ 9,874,605
Due to affiliates	-	-	-	1,801,420	1,978,767	407,852	-	1,494,899	(5,682,938)	-
Deferred grant revenue	2,737,149	-	-	-	-	-	-	-	-	2,737,149
Accrued expenses and other liabilities	1,928,415	-	-	42,471	2,647	22,143	219,931	496,233	(422,901)	2,288,939
Total current liabilities	4,804,840	-	-	1,843,891	1,981,414	1,616,334	9,955,260	1,991,132	(7,292,178)	14,900,693
<i>Long-term Liabilities</i>										
Unearned fees	1,724,068	-	-	-	-	-	-	-	(711,233)	1,012,835
Notes payable	15,260,246	-	-	10,627,575	-	-	2,255,503	-	(10,627,575)	17,515,749
Total long-term liabilities	16,984,314	-	-	10,627,575	-	-	2,255,503	-	(11,338,808)	18,528,584
Total liabilities	21,789,154	-	-	12,471,466	1,981,414	1,616,334	12,210,763	1,991,132	(18,630,986)	33,429,277
<i>Net assets</i>										
Non-controlling interest	-	-	-	-	-	10,494,225	35,052,693	272,892,320	-	318,439,238
Without donor restrictions:										
Undesignated	19,394,679	491,629	263,692	1,916,120	778,072	5,210,610	-	-	(8,660,123)	19,394,679
Designated	500,000	-	-	-	-	-	-	-	-	500,000
With donor restrictions	1,800,000	-	-	-	-	-	-	-	-	1,800,000
Total net assets	21,694,679	491,629	263,692	1,916,120	778,072	15,704,835	35,052,693	272,892,320	(8,660,123)	340,133,917
Total liabilities and net assets	\$ 43,483,833	\$ 491,629	\$ 263,692	\$ 14,387,586	\$ 2,759,486	\$ 17,321,169	\$ 47,263,456	\$ 274,883,452	\$ (27,291,109)	\$ 373,563,194

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Consolidating Schedule of Activities
For the Year Ended December 31, 2019

	<i>MHIC</i>	<i>MHEF</i>	<i>NSLF</i>	<i>CMF</i>	<i>NCF</i>	<i>HNEF LP</i>	<i>MHIC LLC</i>	<i>LIHTC Funds</i>	<i>Eliminations</i>	<i>Consolidated</i>
<i>Operating Revenue and Support</i>										
Interest on deposits	\$ 128,672	\$ -	\$ -	\$ 454	\$ 90	\$ 1,806	\$ 190,085	\$ 112,663	\$ -	\$ 433,770
Interest on project loans	402,996	-	-	679,155	34,455	305,647	1,765,404	-	(592,320)	2,595,337
Unrealized gain on investments	1,653	-	-	-	-	-	-	-	-	1,653
Loan program revenue	1,115,067	-	-	-	-	-	-	-	(707,928)	407,139
NMTC program revenue	3,083,928	-	-	-	-	-	-	-	-	3,083,928
LIHTC program revenue	3,721,303	-	-	-	-	-	-	-	(2,675,794)	1,045,509
Other program revenue	850,891	-	-	-	-	250	13,172	-	(429,867)	434,446
Grant revenue	20,000	-	-	-	-	-	-	-	-	20,000
Total operating revenue and support	<u>9,324,510</u>	<u>-</u>	<u>-</u>	<u>679,609</u>	<u>34,545</u>	<u>307,703</u>	<u>1,968,661</u>	<u>112,663</u>	<u>(4,405,909)</u>	<u>8,021,782</u>
<i>Operating Expenses</i>										
Salaries and employee benefits	6,523,812	-	-	-	-	-	-	-	-	6,523,812
Occupancy, equipment and furniture	556,861	-	-	-	-	-	-	-	-	556,861
Professional services	1,217,938	-	-	-	-	443,287	776,188	1,002,455	(2,122,497)	1,317,371
Depreciation and amortization	99,550	-	-	-	-	-	-	16,046	-	115,596
Grant expenses	7,700	-	-	-	-	-	-	-	-	7,700
Interest expense	98,662	-	-	414,941	-	-	186,654	165,236	(592,320)	273,173
Other office expenses and support	858,819	-	720	47,412	25,122	27,120	-	498,778	(208,500)	1,249,471
Total operating expenses	<u>9,363,342</u>	<u>-</u>	<u>720</u>	<u>462,353</u>	<u>25,122</u>	<u>470,407</u>	<u>962,842</u>	<u>1,682,515</u>	<u>(2,923,317)</u>	<u>10,043,984</u>
Change in net assets from operations	(38,832)	-	(720)	217,256	9,423	(162,704)	1,005,819	(1,569,852)	(1,482,592)	(2,022,202)
<i>Non - Operating Revenue/(Expenses)</i>										
Federal grant revenue	1,045,229	-	-	-	-	-	-	-	-	1,045,229
Federal grant expenses	-	-	-	(101,934)	(455,351)	-	-	-	-	(557,285)
Loss from investment in operating partnerships	(888,543)	-	-	-	-	(1,155,519)	-	(40,494,383)	1,656,135	(40,882,310)
Syndication costs	-	-	-	-	-	-	-	(715,000)	715,000	-
Total change in net assets	<u>\$ 117,854</u>	<u>\$ -</u>	<u>\$ (720)</u>	<u>\$ 115,322</u>	<u>\$ (445,928)</u>	<u>\$ (1,318,223)</u>	<u>\$ 1,005,819</u>	<u>\$ (42,779,235)</u>	<u>\$ 888,543</u>	<u>\$ (42,416,568)</u>
Net assets at beginning of year	\$ 21,576,825	\$ 491,629	\$ 264,412	\$ 1,800,798	\$ -	\$ 17,483,558	\$ 35,041,459	\$ 267,315,198	\$ (8,324,666)	\$ 335,649,213
Capital contributions	-	-	-	-	1,224,000	-	-	48,414,732	(1,224,000)	48,414,732
Distributions	-	-	-	-	-	(460,500)	(994,585)	(58,375)	-	(1,513,460)
Change in net assets	<u>117,854</u>	<u>-</u>	<u>(720)</u>	<u>115,322</u>	<u>(445,928)</u>	<u>(1,318,223)</u>	<u>1,005,819</u>	<u>(42,779,235)</u>	<u>888,543</u>	<u>(42,416,568)</u>
Net assets at end of year	<u>\$ 21,694,679</u>	<u>\$ 491,629</u>	<u>\$ 263,692</u>	<u>\$ 1,916,120</u>	<u>\$ 778,072</u>	<u>\$ 15,704,835</u>	<u>\$ 35,052,693</u>	<u>\$ 272,892,320</u>	<u>\$ (8,660,123)</u>	<u>\$ 340,133,917</u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedule of Investments in Operating Partnerships
December 31, 2019

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF X LLC</i>	Acushnet Commons LP	99.99%	\$ 2,047,111	\$ 2,047,111	\$ -
<i>MHEF X LLC</i>	147 Essex Avenue, LLC	99.99%	6,302,826	6,302,826	-
<i>MHEF XI LLC</i>	Brunswick Holborn Two LP	99.99%	5,890,812	5,890,812	-
<i>MHEF XI LLC</i>	Columbia Wood Two LP	99.99%	6,574,743	6,574,743	-
<i>MHEF XI LLC</i>	Egleston Crossing UE LP	7.88%	580,000	580,000	-
<i>MHEF XI LLC</i>	Trolley Rental, LLC	99.99%	4,414,455	4,414,455	-
<i>MHEF XII LLC</i>	Dudley Village North LP	99.99%	4,038,767	4,038,767	-
<i>MHEF XII LLC</i>	Lazarus Hope, LLC	99.99%	2,850,915	2,850,915	-
<i>MHEF XII LLC</i>	Long-Glen Rental, LLC	99.99%	7,718,628	7,718,628	-
<i>MHEF XII LLC</i>	Till Chelsea LP	99.99%	4,669,240	4,669,240	-
<i>MHEF XIII LLC</i>	Bridle Path Preservation Associates	99.99%	5,143,028	5,143,028	-
<i>MHEF XIII LLC</i>	Chestnut Gardens Preservation Assoc LP	99.99%	3,403,229	3,403,229	-
<i>MHEF XIII LLC</i>	Church Street School LP	91.64%	4,752,100	4,752,100	-
<i>MHEF XIII LLC</i>	Dom Narodowy Polski PA LP	99.99%	1,681,806	1,681,806	-
<i>MHEF XIII LLC</i>	EA Fish Ashers Path, LLC	99.99%	7,466,968	7,466,968	-
<i>MHEF XIII LLC</i>	Eastgate Preservation Associates LP	99.99%	5,262,611	5,262,611	-
<i>MHEF XIII LLC</i>	Fairweather Preservation Associates LP	99.99%	10,105,015	10,105,015	-
<i>MHEF XIII LLC</i>	Irving Square Redeveloper, LLC	99.98%	2,474,512	2,474,512	-
<i>MHEF XIV LLC</i>	Canal Bluffs Rental LP	99.99%	4,812,020	4,812,020	-
<i>MHEF XIV LLC</i>	Church Street School LP	8.35%	400,000	400,000	-
<i>MHEF XIV LLC</i>	New Lithgow Residential, LLC	99.99%	1,369,040	1,369,040	-
<i>MHEF XIV LLC</i>	Sanford Apartments LP	99.98%	3,861,996	3,861,996	-
<i>MHEF XIV LLC</i>	Schoolhouse Brookledge Cummins LP	99.98%	6,248,844	6,248,844	-
<i>MHEF XIV LLC</i>	West Barnstable Communities LP	99.99%	5,795,420	5,795,420	-
<i>MHEF XVI LLC</i>	School House Kenilworth Williams LP	99.98%	6,459,989	6,459,989	-
<i>MHEF XVI LLC</i>	Lebaron Phase II Rental, LLC	59.99%	4,491,191	4,491,191	-
<i>MHEF XVII LLC</i>	ACDC Fort Street, LLC	99.99%	5,727,460	5,727,460	-
<i>MHEF XVII LLC</i>	Stevens Corner LP	99.98%	4,341,678	4,341,678	-
<i>MHEF XVII LLC</i>	2Life Shillman LP	50.00%	3,240,641	3,240,641	-
<i>MHEF XVII LLC</i>	Bloomfield Gardens LP	99.99%	4,824,089	4,824,089	-
<i>MHEF XVIII LLC</i>	142 Water Street LP	88.77%	6,959,904	6,959,904	-
<i>MHEF XVIII LLC</i>	Cromwell Court Preservation Assoc LP	51.00%	1,558,068	1,558,068	-
<i>MHEF XVIII LLC</i>	KGH LP	99.99%	3,128,087	3,128,087	-
<i>MHEF XVIII LLC</i>	UE Apartments, LLC	99.99%	6,006,689	6,006,689	-
<i>MHEF XVIII LLC</i>	Unity Place, LLC	99.99%	3,517,599	3,517,599	-
<i>MHEF XVIII LLC</i>	Sitkowski LP	7.00%	693,844	693,844	-
<i>MHEF XVIII LLC</i>	Winter Gardens, LLC	99.99%	4,049,595	4,049,595	-
<i>MHEF XIX LLC</i>	Austin Corridor II LP	99.99%	2,940,741	2,940,741	-
<i>MHEF XIX LLC</i>	Peters Grove Preservation Assoc LP	52.10%	2,000,952	2,000,952	-
<i>MHEF XIX LLC</i>	Franklin Preservation Associates LP	68.80%	14,267,222	14,267,222	-
<i>MHEF XIX LLC</i>	LBB Apartments, LLC	99.99%	7,352,005	7,352,005	-
<i>MHEF XIX LLC</i>	108 Newbury Street, LLC	99.99%	3,314,088	3,314,088	-
<i>MHEF XIX LLC</i>	CC Station Lofts, LLC	99.99%	2,903,343	2,903,343	-
<i>MHEF XIX LLC</i>	Olympia Amherst LP	71.18%	6,041,283	6,041,283	-
<i>MHEF XX LLC</i>	Cross Town Corners, LLC	99.99%	8,643,944	8,643,944	-
<i>MHEF XX LLC</i>	MHIC - NAHT Kenmore Abbey, LLC	99.99%	9,000,000	9,000,000	-

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedule of Investments in Operating Partnerships - *continued*
December 31, 2019

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
MHEF XX LLC	Olympia Oaks LP	28.81%	2,445,541	2,445,541	-
MHEF XX LLC	BC Edmands House, LLC	99.97%	7,528,004	7,528,004	-
MHEF XX LLC	ACDC Tremont Village, LLC	99.99%	2,397,092	2,397,092	-
MHEF XX LLC	Sitkowski LP	92.00%	8,592,732	8,592,732	-
MHEF XX LLC	Founders Court	99.99%	1,400,574	1,390,394	10,180
MHEF XXI LLC	Commonwealth Glenville, LLC	76.99%	9,506,804	9,506,804	-
MHEF XXI LLC	Caritas Project Place Cortes, LLC	99.99%	3,531,352	3,531,352	-
MHEF XXI LLC	KenQuad LP	99.99%	4,252,852	4,252,852	-
MHEF XXI LLC	CranCarp LP	99.99%	3,028,645	3,028,645	-
MHEF XXI LLC	HRI Putnam Square II, LLC	99.99%	7,857,757	7,857,757	-
MHEF XXI LLC	Bishop Allen Apartments, LLC	51.53%	1,921,555	1,921,555	-
MHEF XXI LLC	TND Homes I, LLC	99.99%	3,115,128	3,115,128	-
MHEF XXI LLC	Welcome Home Housing, LLC	99.99%	2,502,951	2,502,951	-
MHEF XXII LLC	Briston Arms Preservation Assoc LP	99.99%	13,204,053	13,204,053	-
MHEF XXII LLC	Port Landing Tenant, LLC	99.99%	3,795,069	3,795,069	-
MHEF XXII LLC	MM Picker, LLC	99.99%	14,002,014	14,002,014	-
MHEF XXII LLC	Auburn Court LLC	99.99%	10,112,100	10,112,100	-
MHEF XXII LLC	Tribune Preservation Associates LP	99.99%	5,710,178	5,710,178	-
MHEF XXII LLC	Nuestras Casas LP	99.99%	2,435,212	2,435,212	-
MHEF XXII LLC	Live Pleasant LP	99.99%	8,449,154	8,449,154	-
MHEF XXII LLC	Lyman School LP	99.99%	3,654,673	3,654,673	-
MHEF XXII LLC	Lenox Schoolhouse LLC	99.99%	5,070,884	5,070,884	-
MHEF XXII LLC	Coppersmith Village LP	75.99%	5,779,979	1,907,394	3,872,585
MHEF XXII LLC	BC Quincy Tower LLC	25.00%	4,783,168	4,783,168	-
MHEF XXII LLC	BH Chestnut Crossing LLC	21.00%	1,160,307	174,046	986,261
MHEF XXIII LLC	AKFH Renovations LLC	99.99%	6,748,003	5,061,002	1,687,001
MHEF XXIII LLC	Egleston Infill LLC	99.99%	5,818,892	4,073,224	1,745,668
MHEF XXIII LLC	BH EHT 2 LLC	99.99%	6,270,253	6,270,253	-
MHEF XXIII LLC	St. James Commons Apartments LP	99.99%	8,362,795	7,610,142	752,653
MHEF XXIII LLC	Virginia Blanchard Memorial Housing Ass	99.99%	6,212,979	6,202,979	10,000
MHEF XXIII LLC	BC Quincy Tower LLC	74.97%	14,343,765	14,343,765	-
MHEF XXIII LLC	Burbank Gardens Apartments LLC	99.99%	4,861,704	4,861,704	-
MHEF XXIII LLC	AHSC Essex Street Associates LLC	34.12%	8,977,712	2,052,953	6,924,759
MHEF XXIV LLC	Bedford Village Preservation Associates LI	66.99%	4,577,571	915,514	3,662,057
MHEF XXIV LLC	Moseley Apartments LLC	99.99%	4,513,402	1,128,350	3,385,052
MHEF XXIV LLC	Carter School LP	64.99%	5,957,395	1,489,349	4,468,046
MHEF XXIV LLC	BH Chestnut Crossing LLC	78.99%	4,364,964	654,745	3,710,219
MHEF XXIV LLC	MacArthur Terrace LLC	99.99%	6,787,588	1,357,518	5,430,070
MHEF XXIV LLC	Sergeant House LP	N/A	5,164,046	-	5,164,046
MHEF XXIV LLC	Library Commons LP	N/A	8,561,559	-	8,561,559
MHEF XXV LLC	Historic Riviera LLC	99.99%	4,489,081	673,362	3,815,719
MHEF XXV LLC	S.C. Hamilton Apartments LLC	99.99%	5,248,242	787,236	4,461,006
MHEF XXV LLC	Trinity Worcester Courthouse LP	99.99%	21,378,430	4,275,686	17,102,744
HNEF	Gerrish Investors, LLC	32.00%	894,536	894,536	-
HNEF	191 Talbot Ave	90.00%	1,203,750	1,203,750	-
HNEF	Landing Apartments LLC	37.00%	5,000,000	5,000,000	-

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedule of Investments in Operating Partnerships - *continued*
December 31, 2019

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>HNEF</i>	Melnea Residences LLP	68.00%	3,850,000	3,850,000	-
<i>HNEF</i>	Barnat Beverly LLC	90.00%	4,937,634	4,937,634	-
<i>HNEF</i>	87 Washington MM LLC	90.00%	<u>1,358,324</u>	<u>1,358,324</u>	<u>-</u>
	<i>Total</i>		<u><u>\$ 505,446,901</u></u>	<u><u>\$ 429,697,276</u></u>	<u><u>\$ 75,749,625</u></u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Schedule of Investments in Operating Partnerships
December 31, 2018

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF 2002 LLC</i>	New Court Terrace, LLC	99.99%	\$ 5,946,571	\$ 5,946,571	\$ -
<i>MHEF 2002 LLC</i>	Sargeant West Apartments II LP	99.99%	7,451,290	7,451,290	-
<i>MHEF 2002 LLC</i>	St. Jean Baptiste, LLC	99.99%	2,571,082	2,571,082	-
<i>MHEF 2002 LLC</i>	Hotel Raymond, LLC	99.99%	1,004,501	1,004,501	-
<i>MHEF 2002 LLC</i>	Cross Street Housing LP	99.99%	2,005,416	2,005,416	-
<i>MHEF 2002 LLC</i>	Egleston Crossing UE LP	92.11%	6,772,461	6,772,461	-
<i>MHEF X LLC</i>	Acushnet Commons LP	99.99%	2,047,111	2,047,111	-
<i>MHEF X LLC</i>	Capital Square Associates, LLC	99.99%	6,248,131	6,248,131	-
<i>MHEF X LLC</i>	Moltenbrey Apartments LP	99.99%	2,511,500	2,511,500	-
<i>MHEF X LLC</i>	147 Essex Avenue, LLC	99.99%	6,302,826	6,302,826	-
<i>MHEF X LLC</i>	Morville House Apartments LP	99.99%	9,183,342	9,183,342	-
<i>MHEF X LLC</i>	YWCA Fina House, LLC	99.99%	2,401,476	2,401,476	-
<i>MHEF X LLC</i>	Plantation Apartments LP	99.99%	1,973,256	1,973,256	-
<i>MHEF X LLC</i>	Meadowbrook Preservation Assoc LP	99.99%	6,568,164	6,568,164	-
<i>MHEF XI LLC</i>	Brunswick Holborn Two LP	99.99%	5,890,812	5,890,812	-
<i>MHEF XI LLC</i>	Columbia Wood Two LP	99.99%	6,574,743	6,574,743	-
<i>MHEF XI LLC</i>	Egleston Crossing UE LP	7.88%	580,000	580,000	-
<i>MHEF XI LLC</i>	Trolley Rental, LLC	99.99%	4,414,455	4,414,455	-
<i>MHEF XII LLC</i>	Dudley Village North LP	99.99%	4,038,767	4,038,767	-
<i>MHEF XII LLC</i>	Lazarus Hope, LLC	99.99%	2,850,915	2,850,915	-
<i>MHEF XII LLC</i>	Long-Glen Rental, LLC	99.99%	7,718,628	7,718,628	-
<i>MHEF XII LLC</i>	Till Chelsea LP	99.99%	4,669,240	4,669,240	-
<i>MHEF XIII LLC</i>	Bridle Path Preservation Associates	99.99%	5,143,028	5,143,028	-
<i>MHEF XIII LLC</i>	Chestnut Gardens Preservation Assoc LP	99.99%	3,403,229	3,403,229	-
<i>MHEF XIII LLC</i>	Church Street School LP	91.64%	4,752,100	4,752,100	-
<i>MHEF XIII LLC</i>	Dom Narodowy Polski PA LP	99.99%	1,681,806	1,681,806	-
<i>MHEF XIII LLC</i>	EA Fish Ashers Path, LLC	99.99%	7,466,968	7,466,968	-
<i>MHEF XIII LLC</i>	Eastgate Preservation Associates LP	99.99%	5,262,611	5,262,611	-
<i>MHEF XIII LLC</i>	Fairweather Preservation Associates LP	99.99%	10,105,015	10,105,015	-
<i>MHEF XIII LLC</i>	Irving Square Redeveloper, LLC	99.98%	2,474,512	2,474,512	-
<i>MHEF XIV LLC</i>	Canal Bluffs Rental LP	99.99%	4,812,020	4,812,020	-
<i>MHEF XIV LLC</i>	Church Street School LP	8.35%	400,000	400,000	-
<i>MHEF XIV LLC</i>	New Lithgow Residential, LLC	99.99%	1,369,040	1,369,040	-
<i>MHEF XIV LLC</i>	Sanford Apartments LP	99.98%	3,861,996	3,861,996	-
<i>MHEF XIV LLC</i>	Schoolhouse Brookledge Cummins LP	99.98%	6,248,844	6,248,844	-
<i>MHEF XIV LLC</i>	West Barnstable Communities LP	99.99%	5,795,420	5,795,420	-
<i>MHEF XVI LLC</i>	School House Kenilworth Williams LP	99.98%	6,459,989	6,459,989	-
<i>MHEF XVI LLC</i>	Lebaron Phase II Rental, LLC	59.99%	4,491,191	4,491,191	-
<i>MHEF XVII LLC</i>	ACDC Fort Street, LLC	99.99%	5,727,460	5,727,460	-
<i>MHEF XVII LLC</i>	Stevens Corner LP	99.98%	4,341,678	4,341,678	-
<i>MHEF XVII LLC</i>	JCHE Framingham LP	50.00%	3,240,641	3,240,641	-
<i>MHEF XVII LLC</i>	Bloomfield Gardens LP	99.99%	4,824,089	4,824,089	-

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedule of Investments in Operating Partnerships - *continued*
December 31, 2018

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
MHEF XVIII LLC	142 Water Street LP	88.77%	6,959,904	6,959,904	-
MHEF XVIII LLC	Cromwell Court Preservation Assoc LP	51.00%	1,558,068	1,558,068	-
MHEF XVIII LLC	KGH LP	99.99%	3,128,087	3,128,087	-
MHEF XVIII LLC	UE Apartments, LLC	99.99%	6,006,689	6,006,689	-
MHEF XVIII LLC	Unity Place, LLC	99.99%	3,517,599	3,517,599	-
MHEF XVIII LLC	Sitkowski LP	7.00%	693,844	693,844	-
MHEF XVIII LLC	Winter Gardens, LLC	99.99%	4,049,595	4,049,595	-
MHEF XIX LLC	Austin Corridor II LP	99.99%	2,940,741	2,940,741	-
MHEF XIX LLC	Peters Grove Preservation Assoc LP	52.10%	2,000,952	2,000,952	-
MHEF XIX LLC	Franklin Preservation Associates LP	68.80%	14,267,222	14,267,222	-
MHEF XIX LLC	LBB Apartments, LLC	99.99%	7,352,005	7,352,005	-
MHEF XIX LLC	108 Newbury Street, LLC	99.99%	3,314,088	3,314,088	-
MHEF XIX LLC	CC Station Lofts, LLC	99.99%	2,903,343	2,903,343	-
MHEF XIX LLC	Olympia Amherst LP	71.18%	6,041,283	6,041,283	-
MHEF XX LLC	Cross Town Corners, LLC	99.99%	8,643,944	8,643,944	-
MHEF XX LLC	MHIC - NAHT Kenmore Abbey, LLC	99.99%	9,000,000	9,000,000	-
MHEF XX LLC	Olympia Oaks LP	28.81%	2,445,541	2,445,541	-
MHEF XX LLC	BC Edmands House, LLC	99.97%	7,528,004	7,528,004	-
MHEF XX LLC	ACDC Tremont Village, LLC	99.99%	2,397,092	2,397,092	-
MHEF XX LLC	Sitkowski LP	92.00%	8,592,732	8,592,732	-
MHEF XX LLC	Founders Court	99.99%	1,400,574	1,390,394	10,180
MHEF XXI LLC	Commonwealth Glenville, LLC	76.99%	9,506,804	9,506,804	-
MHEF XXI LLC	Caritas Project Place Cortes, LLC	99.99%	3,531,352	3,531,352	-
MHEF XXI LLC	KenQuad LP	99.99%	4,252,852	4,252,852	-
MHEF XXI LLC	CranCarp LP	99.99%	3,028,645	3,028,645	-
MHEF XXI LLC	HRI Putnam Square II, LLC	99.99%	7,857,757	7,857,757	-
MHEF XXI LLC	Bishop Allen Apartments, LLC	51.53%	1,921,555	1,921,555	-
MHEF XXI LLC	TND Homes I, LLC	99.99%	3,115,128	3,115,128	-
MHEF XXI LLC	Welcome Home Housing, LLC	99.99%	2,502,951	2,502,951	-
MHEF XXII LLC	Briston Arms Preservation Assoc LP	99.99%	12,967,828	12,967,828	-
MHEF XXII LLC	Port Landing Tenant, LLC	99.99%	3,795,069	3,795,069	-
MHEF XXII LLC	MM Picker, LLC	99.99%	14,002,014	14,002,014	-
MHEF XXII LLC	Auburn Court LLC	99.99%	10,112,100	10,112,100	-
MHEF XXII LLC	Tribune Preservation Associates LP	99.99%	5,710,178	5,710,178	-
MHEF XXII LLC	Nuestras Casas LP	99.99%	2,435,212	2,435,212	-
MHEF XXII LLC	Live Pleasant LP	99.99%	8,459,154	8,449,154	10,000
MHEF XXII LLC	Lyman School LP	99.99%	3,654,673	3,579,858	74,815
MHEF XXII LLC	Lenox Schoolhouse LLC	99.99%	5,047,744	5,037,745	9,999
MHEF XXII LLC	Coppersmith Village LP	75.99%	5,779,979	-	5,779,979
MHEF XXII LLC	BC Quincy Tower LLC	25.00%	4,783,168	4,780,665	2,503
MHEF XXII LLC	BH Chestnut Crossing LLC	21.00%	1,160,307	174,046	986,261
MHEF XXIII LLC	AKFH Renovations LLC	99.99%	6,748,003	742,280	6,005,723

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedule of Investments in Operating Partnerships - *continued*
December 31, 2018

<i>Investor</i>	<i>Operating Partnership</i>	<i>Ownership %</i>	<i>Investment</i>	<i>Amount Funded</i>	<i>Outstanding Commitment</i>
<i>MHEF XXIII LLC</i>	Egleston Infill LLC	99.99%	5,818,892	1,163,778	4,655,114
<i>MHEF XXIII LLC</i>	BH EHT 2 LLC	99.99%	6,270,253	627,025	5,643,228
<i>MHEF XXIII LLC</i>	St. James Commons Apartments LP	99.99%	8,362,795	1,672,558	6,690,237
<i>MHEF XXIII LLC</i>	Virginia Blanchard Memorial Housing Assoc	99.99%	6,212,979	1,863,894	4,349,085
<i>MHEF XXIII LLC</i>	BC Quincy Tower LLC	74.97%	14,343,765	14,336,268	7,497
<i>MHEF XXIII LLC</i>	Burbank Gardens Apartments LLC	99.99%	4,822,197	1,928,879	2,893,318
<i>MHEF XXIII LLC</i>	AHSC Essex Street Associates LLC	34.12%	8,977,712	1,248,000	7,729,712
<i>MHEF XXIV LLC</i>	Bedford Village Preservation Associates LP	66.99%	4,577,571	915,514	3,662,057
<i>MHEF XXIV LLC</i>	Moseley Apartments LLC	N/A	4,513,402	-	4,513,402
<i>MHEF XXIV LLC</i>	Carter School LP	N/A	5,957,395	-	5,957,395
<i>MHEF XXIV LLC</i>	BH Chestnut Crossing LLC	78.99%	4,364,964	654,745	3,710,219
<i>MHEF XXIV LLC</i>	MacArthur Terrace LLC	99.99%	6,787,588	1,357,518	5,430,070
<i>HNEF</i>	Gerrish Investors, LLC	32.00%	894,536	894,536	-
<i>HNEF</i>	Trinity Ashmont Two LP	50.00%	486,130	486,130	-
<i>HNEF</i>	Landing Apartments LLC	37.00%	5,000,000	5,000,000	-
<i>HNEF</i>	Melnea Residences LLP	68.00%	3,850,000	3,850,000	-
<i>HNEF</i>	Barnat Beverly LLC	90.00%	4,937,634	4,937,634	-
<i>HNEF</i>	87 Washington MM LLC	90.00%	1,358,324	1,358,324	-
<i>Total</i>			<u>\$ 514,236,241</u>	<u>\$ 446,115,447</u>	<u>\$ 68,120,794</u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedules of Financial Position – MHIC Only
December 31, 2019 and 2018

<i>Assets</i>	<i>2019</i>	<i>2018</i>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 12,418,381	\$ 11,822,999
Fees receivable - LIHTC Partnerships	2,458,691	1,909,458
Fees receivable - NMTC CDEs'	648,532	551,111
Current portion of program related loans	3,126,260	3,182,910
Program loan interest receivable	211,564	104,490
Accounts receivable	570,088	307,029
Due from affiliates	4,329,102	1,142,845
Total current assets	<u>23,762,618</u>	<u>19,020,842</u>
<i>Other Assets</i>		
Investment in marketable securities	148,562	216,063
Investment in capital stock	266,500	118,100
Program related loans	7,340,033	5,591,639
Restricted cash	2,737,149	589,878
Investment in subsidiaries	8,660,123	8,324,666
Equity interest in operating partnerships	33,654	39,286
Other assets	357,314	341,887
Furniture, equipment and leasehold improvements, net of accumulated depreciation	<u>177,880</u>	<u>274,134</u>
Total other assets	<u>19,721,215</u>	<u>15,495,653</u>
Total assets	<u>\$ 43,483,833</u>	<u>\$ 34,516,495</u>
<i>Liabilities and Net Assets</i>		
	<i>2019</i>	<i>2018</i>
<i>Current Liabilities</i>		
Current portion of notes payable	\$ 139,276	\$ 67,175
Deferred grant revenue	2,737,149	589,878
Accrued expenses and other liabilities	<u>1,928,415</u>	<u>2,269,947</u>
Total current liabilities	<u>4,804,840</u>	<u>2,927,000</u>
<i>Long-term Liabilities</i>		
Unearned fees	1,724,068	1,906,128
Notes payable	<u>15,260,246</u>	<u>8,106,542</u>
Total long-term liabilities	<u>16,984,314</u>	<u>10,012,670</u>
Total liabilities	<u>21,789,154</u>	<u>12,939,670</u>
<i>Net assets</i>		
Without donor restrictions:		
Undesignated	19,394,679	19,866,703
Designated	500,000	500,000
With donor restrictions	<u>1,800,000</u>	<u>1,210,122</u>
Total net assets	<u>21,694,679</u>	<u>21,576,825</u>
Total liabilities and net assets	<u>\$ 43,483,833</u>	<u>\$ 34,516,495</u>

Massachusetts Housing Investment Corporation
Wholly Owned Subsidiaries and Legally-Separate Controlled Entities
Supplemental Schedules of Activities – MHIC Only
For the Years Ended December 31, 2019 and 2018

	<i>2019</i>	<i>2018</i>
<i>Operating Revenue and Support</i>		
Interest on deposits	\$ 128,672	\$ 83,651
Interest on project loans	402,996	256,785
Unrealized gain/(loss) on investments	1,653	(4,238)
Loan program revenue	1,115,067	668,863
NMTC program revenue	3,083,928	4,038,399
LIHTC program revenue	3,721,303	4,532,289
Other program revenue	850,891	710,590
Grant revenue	20,000	-
	<u>9,324,510</u>	<u>10,286,339</u>
Total operating revenue and support		
<i>Operating Expenses</i>		
Salaries and employee benefits	6,523,812	6,760,062
Occupancy, equipment and furniture	556,861	524,836
Professional services	1,217,938	1,248,851
Depreciation and amortization	99,550	104,210
Grant expenses	7,700	590
Interest expense	98,662	68,760
Other office expenses and support	858,819	778,808
	<u>9,363,342</u>	<u>9,486,117</u>
Total operating expenses		
<i>Non - Operating Revenue/(Expenses)</i>		
Federal grant revenue	1,045,229	973,896
Loss from investment in subsidiaries	(888,543)	(409,514)
	<u>156,686</u>	<u>564,382</u>
Total non-operating revenue/(expenses)		
Change in net assets	<u>\$ 117,854</u>	<u>\$ 1,364,604</u>
Net assets at beginning of year	\$ 21,576,825	\$ 20,212,221
Change in net assets	<u>117,854</u>	<u>1,364,604</u>
Net assets at end of year	<u>\$ 21,694,679</u>	<u>\$ 21,576,825</u>